

Message Text

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E.O.11652: NA
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SUBJ: REVIEW OF ECONOMIC RESEARCH

1. SUMMARY. THE FIRST TWO ISSUES OF THE REVIEWED
"ECONOMIC RESEARCH" JOURNAL CONTAIN ARTICLES OF GREATLY
VARYING INTEREST. A NUMBER OF ARTICLES REVIEW WELL-KNOWN
ARGUMENTS IN FAVOR OF PRODUCTION AND CONTINUE TO ATTACK
AGAINST THE GANG OF FOUR, AND ARE HARDLY ABOVE THE LEVEL
OF SIMILAR PIECES IN THE "PEOPLE'S DAILY." SOME OTHER
ARTICLES ON WAGE POLICY, ECONOMIC PRIORITIES, CENTRAL
VERSUS LOCAL ECONOMIC RELATIONS, VALUE THEORY AND
ENTERPRISE PROFITABILITY ARE MORE INTERESTING AND MAY
ADD TO OUR KNOWLEDGE. THE ARTICLES ARE ALMOST ALL
UNSPECIFIC AND THEORETICAL AND FEW IF ANY VALUABLE NEW
STATISTICS ARE OFFERED. NEVERTHELESS, AS A WHOLE THE
FIRST TWO ISSUES GIVE US SOME IDEA OF THE PRINCIPAL
ECONOMIC QUESTIONS OF THE DAY AND, IN SOME CASES,
SUGGEST THAT DIFFERENT ANSWERS ARE BEING OFFERED BY

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ECONOMIC THINKERS IN THE SOMEWHAT FREER PRESENT DAY
ATMOSPHERE. END SUMMARY.

2. USLO HAS OBTAINED THE FIRST TWO ISSUES OF THE
JOURNAL, "ECONOMIC RESEARCH," WHICH CEASED PUBLICATION
DURING THE CULTURAL REVOLUTION AND HAS RECENTLY BEEN
REVIVED. THE JOURNALS EACH CONTAIN 64 PAGES OF

ARTICLES AND ARE SIMILAR IN FORMAT TO "RED FLAG."
A QUICK READING OF THE CONTENTS REVEALS THAT MOST OF
THE ARTICLES ARE THEORETICAL AND SOME APPEAR TO
HAVE BEEN LIFTED FROM THE PAGES OF THE "PEOPLE'S
DAILY." NEVERTHELESS, SOME OF THE ARTICLES ARE OF
MARKEDLY HIGHER QUALITY AND OF GREATER DEPTH THAN
OTHERS WE HAVE RECENTLY SEEN. THE JOURNAL WOULD
APPEAR TO HAVE TWO OBJECTIVES; FIRST, TO INCUCLATE
THE CURRENT ORTHODOXY AND RECTIFY THINKING ON CERTAIN
SUBJECTS (I.E., THE FATUITY OF VARIOUS "GANG OF FOUR"
POSITIONS ON PROFITS AND ACCUMULATION); AND SECOND,
TO OFFER A FORUM FOR MORE ACADEMIC AND CONSTRUCTIVE
DISCUSSIONS OF MARXIST ECONOMIC THEORY AND THE ACTUAL
EXPERIENCE OF CERTAIN ECONOMIC UNITS (E.G., IN
AGRICULTURAL MECHANIZATION).

3. MOST OF THE ARTICLES CONCERN THEMSELVES WITH ONE OF THE
FOLLOWING ISSUES: (A) CRITICISM OF GANG OF FOUR
DISTORTIONS OF MARXISM-MAOISM. THIS IS
INVARIABLY VERY GENERAL AND SIMILAR TO WHAT HAS BEEN
AVAILABLE BEFORE. SOME OF IT IS STRONGER INTONE,
HOWEVER, SUCH AS THE ARTICLE WHICH INSISTS THAT
POLITICS IN COMMAND MEANS THAT POLITICS MUST SERVE
ECONOMICS. (B) WAGE POLICY. THIS APPEARS TO BE
THE FOCUS OF THE FIRST ISSUE, WITH FOUR OF TEN ARTICLES
DISCUSSING THE MEANING AND PRACTICAL IMPLEMENTATION
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OF THE PRINCIPLE OF "FROM EACH ACCORDING TO HIS ABILITY,
TO EACH ACCORDING TO HIS WORK." ALL THE ARTICLES ARGUE
FOR A MORE RIGOROUS IMPLEMENTATION OF THIS PRINCIPLE .
ONE ARTICLE PURPORTS TO SUMMARIZE ARGUMENTS ON THE
WAGE POLICY ISSUE HEARD AT A PEKING CONFERENCE ON THE
SUBJECT AND SEEN IN WRITTEN DISCUSSION DURING THE LAST
YEAR. ON THE SUBJECT OF MONETARY AWARDS (READ BONUSES)
THE ARTICLE SAYS: "MOST COMRADES BELIEVE THAT THE
GANG OF FOUR CONCOCTED THE ARGUMENT THAT CHAIRMAN MAO
OPPOSED MONETARY REWARDS (CHIANG CHIN)... IN FACT,
LENIN AND CHAIRMAN MAO BOTH ADVOCATED MATERIAL REWARDS."
ON THE SUBJECT OF PIECE RATES, THE ARTICLE SAYS:
"SOME COMRADES BELIEVE THAT IN THEORY PIECE RATES AND
TIME RATES ARE IDENTICAL; BOTH ARE THE CONCRETE
EXPRESSION OF THOROUGHLY CARRYING OUT TO EACH ACCORDING
TO HIS WORK." (THE CLEAR IMPRESSION IS RECEIVED THAT
BONUSES AND, IN SOME CASES, PIECE RATES ARE BEING
PROMOTED; OTHER ARTICLES ARE NOT THIS EXPLICIT, BOLD OR
HORTATORY.) (C) SECTORAL PRIORITIES. ARTICLES IN
BOTH ISSUES DISCUSS THE RELATIONSHIPS BETWEEN AGRICULTURE,
LIGHT INDUSTRY AND HEAVY INDUSTRY AND SUGGEST THE PROPER
EMPHASIS TO BE GIVEN EACH. AN ARTICLE ENTITLED

"A GENERAL DISCUSSION OF SUSTAINING HIGH SPEED (IN
ECONOMIC DEVELOPMENT)" IN THE SECOND ISSUE IS THE MOST

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SCHOLARLY OF THESE AND TENDS TO FAVOR STRESS ON
AGRICULTURE. ANOTHER ARTICLE REVIEWING ECONOMIC THEORY IN
THE FIFTH VOLUME OF MAO'S WORKS IN THE FIRST ISSUE
TENDS TO GIVE MORE STRESS TO HEAVY INDUSTRY,
HOWEVER, (D) RELATIONS BETWEEN THE CENTER AND THE
LOCALITIES. THE CHANGES IN THE RELATIVE ASCENDANCY OF
THE CENTER AND THE LOCALITIES IN ECONOMIC DECISION-
MAKING SINCE 1949 ARE DEALT WITH IN ONE ARTICLE WHICH
HINTS THAT THE TIME HAS COME TO TIGHTEN CENTRAL CONTROL
IN SOME AREAS.

4. OTHER ARTICLES FALL IN NONE OF THESE CATEGORIES.
THEY INCLUDE AN ARTICLE BY THE JOURNAL'S
"COMMENTATOR" SETTING OUT ECONOMIC RESEARCH TASKS,
A LONG AND VERY ABSTRACT ARTICLE ON "ECONOMIC
EFFECTIVENESS" (CHING CHI HSIAO KUO) WHICH DEALS
DISCURSIVELY WITH VALUATION OF GOODS AND UTILITY THEORY,
AN ARTICLE BY THE SHANTUNG PROVINCE
REVOLUTIONARY COMMITTEE ON THE BENEFITS (DESCRIBED
STATISTICALLY) OF MECHANIZATION IN THREE EXPERIMENTAL
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AREAS AND RATHER BASIC ARTICLES ON ACCUMULATION AND PROFITS.

5. THE DEARTH OF STATISTICAL INFORMATION PRESENTED IS DISAPPOINTING. IN ONE ARTICLE AN AVERAGE ANNUAL GVIO FIGURE OF 13.5 PERCENT IS GIVEN FOR THE LAST 28 YEARS, ALONG WITH FIGURES OF 11.7 PERCENT AND 9.1 PERCENT FOR ANNUAL AVERAGE GVIO INCREASES I THE THIRD AND FOURTH FIVE YEAR PLAN PERIODS, RESPECTIVELY. ANOTHER ARTICLE STATES THAT THE CAPITAL ACCUMULATION PROVIDED TO THE STATE BY LIGHT INDUSTRY FROM 1952-1973 WAS EQUAL TO THREE-FOURTHS OF THE CAPITAL INVESTED IN CAPITAL CONSTRUCTION FOR ALL OF INDUSTRY FOR THE SAME PERIOD. BUT THE VAST MAJORITY OF STATISTICAL REFERENCES ARE ON THE ENTERPRISE OR COMMUNE LEVEL.

6. DESPITE ITS SHORTCOMINGS FROM OUR POINT OF VIEW, THE NEW "ECONOMIC RESEARCH" APPEARS TO PRESENT SOME USEFUL CLUES TO ECONOMIC THINKING IN CHINA. WE CAN ONLY HOPE THAT IN THE FUTURE THE ARTICLES WILL BECOME MORE SPECIFIC AND THAT BETTER KNOWN ECONOMIC FIGURES (WHO DO NOT APPEAR TO HAVE CONTRIBUTED MUCH TO THE EARLY ISSUES) WILL MAKE AN APPEARANCE IN PRINT.
WOODCOCK

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